

VZCZCXRO4634  
PP RUEHLN RUEHVK RUEHYG  
DE RUEHTA #0363 0531028  
ZNR UUUUU ZZH  
P 221028Z FEB 08  
FM AMEMBASSY ASTANA  
TO RUEHC/SECSTATE WASHDC PRIORITY 1830  
INFO RUCNCIS/CIS COLLECTIVE 0407  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS ASTANA 000363

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR SCA/CEN, EEB

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [EPET](#) [KZ](#)

SUBJECT: CORRUPTION CHARGES BROUGHT AGAINST MINISTRY OF  
ENERGY OFFICIALS

11. (SBU) On February 18 Kazakhstan's financial police brought criminal charges against a group of officials at the Ministry of Energy and Mineral Resources (MEMR). The officials, who have not yet been publicly identified, were charged with misfeasance and corruption. According to a press release, the officials failed to act and deliberately omitted facts to the benefit and advantage of one foreign company, also unnamed. The officials allegedly caused 40.9 billion tenge (\$340.3 million) worth of damages in the form of unpaid budget taxes.

12. (SBU) In a brief television interview, Minister of Energy and Mineral Resources Saut Mynbayev said that he is unable to comment on the case and does not know which officials have been charged.

13. (SBU) According to television channel KTK, the foreign company involved is likely JSC Karazhanbasmunay, currently developing oil fields in the Mangistau province. CITIC Group of China partially owns the company, after acquiring a 94.62% stake in Karazhanbasmunay from Canada's Nations Energy in 12006. In 2007, KazMuniasGas Exploration and Production (EP KMG) purchased a 50% stake from CITIC.

14. (SBU) In January 2008, the financial police accused the former shareholders of JSC KarazhansbayMunay of failure to pay 41 billion tenge of taxes on the increased share value that resulted from the purchase of a 50% stake by EP KMG.

15. (SBU) Comment: Although Kazakhstani authorities have not yet named the foreign company linked to corruption at MEMR, CITIC is almost certainly the company involved. Minister Mynbayev's public admission that he does not know which officials were charged also raises questions about the strength of his position. End Comment.  
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